NYS ASSOCIATION OF SERVICE STATIONS & REPAIR SHOPS, INC.

February 2023

6 WALKER WAY, ALBANY, NY 12205
(518) 452-1979 -- (716) 656-1035 – state@nysassrs.com – www.nysassrs.com

INSIDE THIS ISSUE

U.S. C-store Count Ticks Up Driven by Increase in Single-Store Operators

Convenience store counts reversed a four-year decline with a 1.5 percent increase in the number of locations operating in the United States, fueled primarily by an increase in single-store operators in 2022.

There are 150,174 c-stores open across the country, according to the 2023 NACS/NielsenIQ Convenience Industry Store Count. The number of single-store operators grew by 1,087 stores to a total of 90,423 stores, or 60.2 percent of all U.S. convenience stores.

Total industry store count increases took place in 39 states and Washington, D.C. Georgia was the top state in store count growth with an increase of 271 c-stores. California's store count fell by 53 stores, the largest number in the seven states that saw their store counts decline.

Additionally, there are 13,346 gas station/kiosk locations that sell motor fuels but not enough of an in-store product assortment to be considered c-stores. This kiosk format is on a continual decline, falling 11.2 percent in the past year and 49.3 percent over the past six years, as consumers seek out c-stores with robust food and beverage offers.

One year ago, the 2022 NACS/NielsenIQ Convenience Industry Store Count reported that the U.S. c-store count had declined for a fourth consecutive year with a 1.5 percent drop in total c-stores and a 3.1 decrease in single-store operators.

BY THE NUMBERS

The 2023 NACS/NielsenIQ Convenience Industry Store Count found that c-stores sell an estimated 80 percent of motor fuels purchased by consumers in the U.S. and 118,678 c-stores (79 percent of all c-stores) sell motor fuels.

While c-stores saw a turnaround in growth, similar channels saw declining store counts with the exception of dollar stores:

- Convenience: 150,174 (2023) vs. 148,026 (2022)
- C-stores selling fuel: 118,678 (2023) vs. 116,641 (2022)
- Fuel kiosks: 13,346 (2023) vs. 14,826 (2022)
- Grocery: 45,380 (2023) vs. 45,687 (2022)
- Drug: 40,008 (2023) vs. 40,402 (2022)
- Dollar: 37,067 (2023) vs. 35,501 (2022)

According to U.S. Census Bureau data that shows the U.S. population at 334.2 million people, there is one c-store for every 2,225 people.

Texas is once again the state with the most c-stores at 116,018 locations, or more than one in 10 U.S. c-stores. The remaining top 10 saw no change in order despite California's decline:

- California: 12,000
- Florida: 9,596
- New York: 7,917
- Georgia: 6,719
- North Carolina: 5,749
- Ohio: 5,673
- Michigan: 4,879
- Pennsylvania: 4,728
- Illinois: 4,666

"The value of convenience continues to grow, and that's a driving factor why every retailer, regardless of channel, seeks to provide it," said NACS Managing Director of Research Chris Rapanick. "And it's also clear that the convenience offer at convenience stores resonates with consumers, given the record in-store sales at convenience stores and increase in store count."

The 2023 NACS/NielsenIQ Convenience Industry Store Count is based on stores in operation as of December 2022.

US Expert Predicts Recession, Uneven Impact on C-Store Supply Chain

A supply chain expert from Syracuse University forecasts a recession in 2023that could reduce available packaging for convenience products, while making construction materials for new stores more available.

Throughout most of 2022, convenience store operators struggled with shortages, for example, of cups for dispensed beverages. Supply chain disruption also slowed construction of new convenience stores.

Patrick Penfield, who holds a doctorate in sustainable resource management and is director of executive education and professor of practice in supply chain management for the Whitman School of Management at Syracuse University, said in an email Thursday that he believes the U.S. will enter a recession in the first quarter of 2023 that could last for 12-16 months. The recession could hinder the supply of some goods, while making other goods more accessible, he explained.

Though Penfield believes inflation has peaked overall, he said he expects interest rates will continue to rise, hindering demand.

"Companies are still struggling to shed inventory which they built up in 2022. Warehousing space is limited and continues to be a challenge for companies due to all the product sitting in storage," he wrote. "Things are getting better within the U.S. supply chain, but we will still have issues in 2023."

The construction supply chain is recovering because interest rates are rising and buyers are postponing their purchases of homes, Penfield said.

"This should help companies that are planning to build or remodel convenience stores due to construction materials being readily available," he said.

However, food prices could rise 6%-8%, he said. "Sandwich materials, specifically bread, will cost more than in the past due to Ukraine's inability to farm, harvest and ship grains like they have in the past," Penfield explained.

He believes packaging materials for convenience products could be more available in 2023 than they were in 2022, because there should be less demand for single-use items with Covid-19 subsiding.

"However, if a recession does hit the U.S., we could see availability of packaging becoming an issue. Usually during a recession, people will stay home and spend less at restaurants and bars and buy more single-use products," he added.

Penfield anticipates fuel price volatility, especially in the second half of the year.

"The concern I have is when China fully comes back online, once they get through their COVID situation, it will create more demand for oil and could cause oil and gas products to go up globally. Another issue to keep an eye on is how cold the weather will be in Europe this winter, which could also cause global fuel prices to go up," he wrote.

--Reporting by Donna Harris

Lower US Gasoline Prices Slow Inflation; Fuel Oil Index Declines

Lower gasoline prices helped to reduce the U.S. Consumer Price Index by 0.1% in December after the inflation index rose 0.1% in November, the Bureau of Labor Statistics said Thursday.

The all-items index rose by 6.5% for the 12 months ended in December, down from the 7.1% increase for the 12-month period that ended in November.

"The index for gasoline was by far the largest contributor to the monthly all-items decrease, more than offsetting increases in shelter indexes," BLS said in a news release. "The food index increased 0.3% over the month with the food-at-home index rising 0.2%. The energy index decreased 4.5% over the month as the gasoline index declined. Other major energy component indexes increased over the month."

The gasoline index fell by 9.4% in December and was down 1.5% year to year. After rising 11.2% in June when gas prices hit a record high, the gasoline index has declined in five of the last six months, the statistics show.

The energy index declined 4.5%, though it was up 7.3% year to year. The fuel oil index dropped by 16.6%, but was up 41.5% year to year. The electricity index rose 1%, increasing 14.3% from the prior year. And the index for gas utility service rose 3%, increasing 19.3% from the prior year.

--Reporting by Donna Harris

US Gas Station Dollar Sales See Double-Digit Rise: Census Bureau

Monthly dollar sales at U.S. gas stations remained near record levels in November, rising 16.2% year to year, though flat from October, the U.S. Census Bureau reported Thursday.

Advance monthly gasoline station sales were $64.343 billion in November, down from $64.382 billion in October but up from $55.385 billion in November 2021. The numbers are seasonally adjusted, but not adjusted for price changes.

U.S. monthly gas station sales hit a record high of $68.805 billion in June, when prices at the pump reached an all-time high. The monthly total breached $50 billion in September 2021 and broke $60 billion in March 2022, according to the bureau's records, which go back to 1992.

--Reporting by Donna Harris

National Average Gas Price Sees Late 2022 Spike

The end of 2022 came with one more gas price bump to close out the year, as a cross-country, late-December winter storm and accompanying frigid temperatures prompted fuel prices to spike.

Refineries as far south as Texas and the Gulf Coast were forced to shut down temporarily, pushing the national average for a gallon of gas up 12 cents on the week to reach $3.22., according to AAA.

"The cost of gas will likely rise a bit more before this surge stalls due to less expensive oil and a return to seasonal driving patterns," said Andrew Gross, spokesperson for AAA. "But 2022 will go down as a record year with a national annual average of $3.96. According to fuel expert Tom Kloza of OPIS, that's 40 to 50 cents more than the previous peak years of 2011 through 2014."

The latest data from the U.S. Energy Information Administration (EIA) shows that gas demand rose from 8.7 million barrels per day to 9.3 million barrels per day last week, while total domestic gasoline stocks fell by 3 million to 223 million barrels. This combination of more demand and less supply pushed gas prices higher.

The current national average of $3.22 per gallon is 20 cents less than a month ago and 6 cents less than a year ago.

The top 10 largest weekly increases in the country occurred in Delaware (33 cents per gallon), Florida (30 cents), Maryland (25 cents), Michigan (21 cents), Texas (20 cents), Ohio (20 cents), South Carolina (20 cents), Missouri (20 cents), Alabama (18 cents) and Wisconsin (17 cents).

The top 10 most expensive markets are Hawaii ($5.02 per gallon), California ($4.42), Nevada ($3.97), Washington ($3.86), Oregon ($3.73), Alaska ($3.71), Pennsylvania ($3.63), Washington, D.C. ($3.47), Idaho ($3.43) and New York ($3.41).

At the close of the formal trading session on Dec. 30, West Texas Intermediate increased by $1.86 to reach $80.26. A weaker dollar contributed to rising crude prices, which increased despite the EIA reporting that total domestic commercial crude stocks increased by 800,000 barrels to 419 million barrels, according to AAA. This increase indicates that oil demand could be weakening amid ongoing market concerns that a recession or economic slowdown could take place in 2023.

Average US Gas Station Wage Rises to New Record in November

The average hourly wage for nonsupervisory workers at U.S. gas stations rose to a new record of $16.58 in November, according to the latest data released from the U.S. Bureau of Labor Statistics in January.

The average nonmanagerial hourly wage at gas stations with convenience stores - which trends lower than overall gas stations - also rose to a new high of $16.38 in November, the BLS reported. The average hourly wage for gas stations in November is about 12% higher than the $14.81 average seen in November 2021. The average hourly wage for gas stations with convenience stores jumped even higher, rising 12.5% year on year from $14.56. Like prior monthly figures, the November numbers could be adjusted up or down in the next report.

The increases follow October declines. For gas stations, the average wage in October was $16.19 per hour, down from the peak of $16.26 reported in September, and the average wage for gas stations with convenience stores in October dipped below $16 per hour to $15.96 in October, after hitting a high of $16.05 in September, the figures show.

After breaching $15 per hour in February, the average nonmanagerial gas station wage increased steadily, topping $16 in July. From $16.02 per hour in July, the average wage in August rose to $16.04 per hour, the bureau statistics show.

--Reporting by Donna Harris

October US Vehicle Traffic Stayed Above Pre-Pandemic Levels: DOT Data

U.S. vehicle traffic in October rose above the same month in 2019, extending that strong trend to a third consecutive month, the latest data from the Department of Transportation's Federal Highway Administration showed Thursday.

In its latest Traffic Volume Trends report that released data for October, DOT said total vehicle miles, which measure travel on all U.S. public roads and streets, was at 286 billion.

That was up from a final estimate of 284 billion vehicle miles for October 2019, when Covid-19 was not a factor. Since August, U.S. vehicle miles have surpassed levels compared to those of three years ago, DOT data shows.

Compared with October 2021, that was also slightly above the 285.6 billion at that time.

On a seasonally adjusted basis, that makes month-to-month comparison meaningful; October vehicle miles were up 0.8 billion, or 0.3%, compared with September's level.

Vehicle traffic appeared to be resilient since fuel prices at the pump started to fall from record highs in mid-June.

According to DOT data, vehicle traffic in the Northeast fared the worst in October, with miles there falling 1% compared to the same month last year. In the West, vehicle miles rose 1% compared to the year-ago level.

According to OPIS DemandPro data, which surveys more than 35,000 gas stations across the U.S., average station gasoline volumes in October were 17.5% below October 2019 levels, and in September they fared better, with a 15.6% drop versus the level three years ago.

For November, OPIS data showed that three-year deficit in average gasoline demand was little changed at 17.5% below November 2019.

--Reporting by Frank Tang

New Poll Finds Majority of Voters Support Increased E15 Availability

Registered voters show support for ethanol and the Renewable Fuel Standard while opposing policies that ban liquid fuels or mandate electric vehicles, according to a new survey from the Renewable Fuels Association (RFA).

"As the new Congress settles in and begins to consider the future of our nation's energy policy, these polling results demonstrate that Americans strongly support expanded use of lower-cost, lower-carbon renewable fuels like ethanol," said RFA President and CEO Geoff Cooper. "Voters clearly want greater access to fuel blends containing more ethanol — like E15, E30 and E85 — and they want to see more flex fuel vehicles made available."

According to the survey, 65 percent of respondents support the Renewable Fuel Standard, while 64 percent of respondents have a favorable opinion of ethanol.

Sixty-eight percent support increasing the availability of E15 to help lower fuel prices and bolster energy independence, and 66 percent said it is important for the federal government to promote the production and sale of flex fuel vehicles (capable of running on up to 85 percent ethanol). Additionally, 60 percent support the Next Generation Fuels Act, which would drive the use of more efficient, lower-carbon liquid fuels like E25 or E30.

Notably, Cooper added, support for ethanol and renewable fuels policy crosses party lines and includes majorities of both Republican and Democrat respondents.

The poll also found doubts about some policy proposals regarding electric vehicles (EV), particularly those that eliminate consumer choice and options when it comes to vehicle purchases. Key results included 50 percent of respondents who said they were not interested in purchasing or leasing an EV in the next three years, while 42 percent expressed interest and 8 percent had no opinion.

Sixty-six percent of voters oppose policies that ban the sale of new cars with traditional liquid-fueled engines; however, 58 percent support federal funding for charging infrastructure and tax credits for EVs.

The online survey was conducted by Morning Consult in late December 2022 and polled 1,999 registered voters.

US Solicits for 3 Million Barrels of SPR Crude

The U.S. government has notified prospective suppliers that it will be purchasing up to 3 million bbl of crude for the Strategic Petroleum Reserve. The barrels are to fall within a February window and the solicitation is for sour crude.

The move is likely tied to its decision to convince U.S. production companies that the federal government will backstop prices by replenishing the 180 million bbl of SPR crude that have been sold via regularly scheduled sales during 2022.

A 3-million-bbl purchase doesn't represent a large slug, but the early replenishment could serve notice to companies that the U.S. is serious about replacing barrels in the SPR. As of last week, there were 382.3 million bbl of crude in various SPR caverns. That is the lowest level since early January 1984.

Sources say that the average sales price for the 180 million bbl of crude disposed of in 2022 was around $96/bbl. With sweet crude prices around $76/bbl, the Biden administration is likely to claim that this represents a good deal for taxpayers.

Exact bidding terms haven't been disclosed, but the February purchasing will serve as a "pilot" of sorts for other fixed price bids to replenish the SPR. Previously, there had been indications that the SPR would be replenished only when prices drifted to $67-$72/bbl, with the likelihood that outcome might come in late 2023 or in 2024.

In addition to the barrels purchased by the "Strategic Petroleum Reserve Project," an affiliate of the Department of Energy, the middle of 2023 will see barrels restored that were on loan to refiners after Hurricane Ida ravaged the Gulf Coast in 2021.

--Reporting by Tom Kloza

Marathon Petroleum Rolls Out New Rewards Program Across Its Network

Marathon Petroleum Corp. (MPC) is expanding the new Marathon Rewards loyalty program to its full network following a successful pilot test. The initiative replaces the MakeItCount Rewards platform.

Marathon Rewards is a free consumer program that offers three methods of earning rewards:

- A 5 cents-per-gallon everyday base earn

- Select in-store purchases
- Third-party offers

Marathon Rewards can be redeemed to save on fuel purchases at participating Marathon gas stations across the country. New members may receive Marathon-funded sign-up incentives of up to $5.

The rewards program is powered by Stuzo's Open Commerce product suite and designed to provide a personalized customer experience with targeted offers for specific store locations, as Convenience Store News reported.

According to the company, Marathon Rewards is another way to attract new members and encourage MakeItCount members to migrate to Marathon Rewards. The program is easy to join, requiring customers only to enter a mobile number at the fuel dispensed or at the pin pad inside the store.

"Earlier in the year, we converted a few sites over to Marathon Rewards as a pilot to ensure the program was ready before full conversion," said John Rice, brand marketing and commerce manager. "The pilot performance indicators have been strong, including memberships and transactions. We are excited to launch the next phase of Marathon Rewards."

Marathon Rewards is available for installation at stations operating on Verifone or Gilbarco point-of-sale systems. The company is providing a $500 incentive for stations that install Marathon Rewards before May 1, 2023.

NTSB Chair Voices Concerns Over Safety Impact of Heavier Electric Vehicles

The head of the National Transportation Safety Board said she is concerned over potential safety problems posed by electric vehicles involved in traffic accidents.

In a keynote address Wednesday at the Transportation Research Board's annual meeting, agency Chair Jennifer Homendy said her concerns center on the risks of severe injury and death due to ongoing increases in vehicle curb weights and what she said was the increasing size, power and performance of the vehicles.

Homendy, for example, said the battery pack of a GMC Hummer EV weighs more than 2,900 pounds, or about the weight of a Honda Civic. The popular electric version of Ford's F-150 pickup is about 3,000 pounds heavier than the non-electric version, she added. Similarly, the electric versions of the Ford Mustang, the Volvo XC40 and Toyota RAV 4 are all about one-third heavier than their internal combustion engine counterparts, she said.

"That has a significant impact on safety for all road users," she said.

Homendy, who was appointed as chair of the NTSB by President Joe Biden in August 2021, said that while she was "inspired" by the administration's commitment to decarbonizing the transportation sector, "we have to be careful that we aren't also creating unintended consequences: more death on our roads."

She said the U.S. has about 43,000 traffic fatalities each year and millions are injured.

The administration has made promoting EV use a key part of its strategy to combat global warming. The bipartisan infrastructure bill adopted in 2021 and last year's Inflation Reduction Act included funding to promote EV use and the development of charging infrastructure.

EVs comprised about 6.1% of U.S. vehicle sales in 2022, according to a recent note by Citi analysts, nearly double the rate seen in 2021. The vehicles are expected to account for nearly 10% of total sales by the end of this year, the analysts said.

--Reporting by Steve Cronin

Consumer Interest and Demand for EVs Increases: JD Power EV Index

Consumer interest in electric vehicles jumped by about a third in 2022, despite EV owners' satisfaction levels dropping, according to a new tool tracking EV markets released Tuesday by auto analytics firm J.D. Power. Consumer demand for EVs increased year to year, while infrastructure and affordability hurdles stifled further growth in the sector.

While the tool is new, J.D. Power gathered data during a 12-month period, comparing changes from the start of that period to results from November 2022.The index measures categories on a scale of 100, measuring consumer sentiment on EVs against that on gasoline-powered vehicles.

The current index sits at 47 out of 100.

The consumer research company ranked data in six categories: interest in EVs, availability, adoption, affordability, infrastructure and the experience of ownership. Year to year, interest and availability saw increases while the remaining categories saw declines.

The increases year to year were most present in consumer demand, which saw a steep climb. Interest - how likely a consumer will purchase an EV – and availability - the proportion of new-vehicle consumers who see an EV as something to meet their needs - rose 33% and 66% year to year, respectively.

The interest score jumped by eight points year to year, reaching 32 out of 100. The availability score reached 30 out of 100, climbing 12 points year to year. The number of new EV models has been increasing, according to J.D. Power, which helped boost scores in both areas.

EVs in 2022 reached 10% of new car sales for the first time, the Wall Street Journal reported Monday. Automakers sold a total of 807,180 EVs in the U.S. in 2022. Automakers have launched new EV models throughout last year, bringing increased options into the market, according to the Wall Street Journal.

OPIS and The Wall Street Journal are both part of Dow Jones.

While consumers are more interested in EVs, obstacles remain to further adoption and satisfaction, the index specified.

Affordability, which measures the cost of EV ownership versus a traditional gasoline-powered vehicle, fell the most year to year, but remains one of the highest scores at 84 points. The score dropped about 14% or 12 points year to year.

Inflation hit 6.5% in the U.S. in 2022, according to the Bureau of Labor Statistics, which also impacted the affordability of vehicles. The price of all new vehicles, including gasoline-powered vehicles, in 2022 rose 5.9% year to year, according to the BLS.

The affordability index considers tax credits, rebates, incentives and more when evaluating EVs. J.D. Power estimates affordability will see the most change after January 2023 when manufactures' volume caps are lifted.

The Inflation Reduction Act will be enforced beginning January 2023, which means manufacturers that produce more than 200,000 EVs will now qualify for EV tax credits. Previously, manufacturers were not eligible to claim tax credits if they produced over the 200,000 vehicles cap.

EV adoption fell four points or 15% year to year, down to 22 out of 100. Adoption was also the lowest scoring category in the index. Adoption measures new-vehicle buyers who purchased an EV, relative to those who had another vehicle option that met their needs.

The rating for infrastructure fell four points or about 13% year to year to a score of 27 out of 100. Infrastructure measures the availability and reliability of EV chargers. Infrastructure has not been able to keep up with the volume of EVs in operation, according to J.D. Power.

Experience, the highest scoring category in the index, measures overall consumer satisfaction with an EV compared to a traditional gasoline-powered vehicle. Experience scored 89 out of 100, down two points or about 2% year to year. J.D. Power said the overall satisfaction with the EV sales experience accounts for a downtick in the score.

J.D. Power said it will release an updated index monthly, allowing for ongoing evaluation of customer satisfaction with EVs and the vehicles' market penetration.

--Reporting by Christie Citranglo

Used Values Continue Slow Descent

Canadian Black Book is reporting the first year-over-year decline in used vehicle values since the summer of 2020.

Granted, it's not a big decline, but a signal nevertheless of where prices look to be headed.

Canada Black Book's Used Vehicle Retention Index for December came in at 157.6, a 0.7 per cent drop from November and 0.6 per cent decrease year-over-year.

It's the first year-over-year decrease since July 2020 when the index sat at 100.5 points — that's when Canadian wholesale vehicle values began a historic climb that didn't stop until March 2022. Since then, it has been on a decline, down 4.5 per cent overall.

"Increasing interest rates and slowly improving new vehicle supply has had a cooling effect on the wholesale market but the overall lack of used supply has offset much of those pressures," said David Robins, principal automotive analyst and head of Canadian vehicle valuations at Canadian Black Book.

With an index score of 157.6 points, that means used vehicle values are 57.6 per cent above the baseline established by Canadian Black Book in January 2005. March 2022 saw the peak of the index at 165 points.

Manheim, the vehicle auction company, expects used vehicle values to continue to depreciate — and at an above-normal rate. It added that this will particularly happen in the first half of 2023. It saw its own used vehicle value index drop 14.9 per cent year-over-year in the U.S.

"Price trends should normalize in the year's second half as constrained wholesale supply supports used values and used retail prices fall into a normal relationship with new prices," it said, adding that it expects its own value index to drop 4.3 per cent year-over-year in December 2023.

Ford Vehicles Most Recalled in 2022

The National Highway Traffic Safety Administration listed its most recalled vehicles for 2022.

According to Kelley Blue Book, Ford Motor Company sent its owners to the dealership with 67 urgent safety recalls. In total, 8,636,265 Ford-built vehicles received recall notices.

Rounding out the top three were Volkswagen (46) and Stellantis (38). Tesla was second to Ford in the total number of recalled vehicles with 3,769,581.

US Reports Increase in Truck Driver Fatalities on the Job

Commercial driving remains one of the most hazardous occupations in the U.S., with the rate of fatalities on the job rising 11.6% from 2020 to 2021, the Bureau of Labor Statistics reported Friday.

In 2021, 28.8 per 100,000 full-time truck drivers and drivers in sales suffered a fatal injury on the job, up from 25.8 per 100,000 in 2020. There was a 16.3% increase in the on-the-job deaths for these drivers, to 1,032 in 2021 from 887 in 2020. This jump was "the primary factor behind the increase in fatalities to workers in transportation and material moving occupations," the bureau said.

Transportation workers experienced a high of 1,523 fatal work injuries in 2021, making transportation the industry with the most fatalities, the bureau said. The 2021 tally was 18.8% higher than in 2020 and the highest since 2017.

"Transportation incidents remained the most frequent type of fatal event in 2021, with 1,982 fatal injuries, an increase of 11.5% from 2020. This major category accounted for 38.2% of all work-related fatalities for 2021," the agency said in announcing the numbers.

However, fatal transportation incidents are still down 6.6% from 2019, with 2,122 fatalities, the bureau added.

Overall, there were 5,190 fatal work injuries recorded in the U.S. in 2021, an 8.9% increase from the 4,764 recorded in 2020, the bureau said. The fatal work injury rate was 3.6 fatalities per 100,000 full-time workers, up from 3.4 per 100,000 in 2020 and from the 2019 pre-COVID-19 pandemic rate of 3.5 per 100,000. The 3.6 fatal occupational injury rate in 2021 represents the highest annual rate since 2016, the bureau noted.

--Reporting by Donna Harris

Auto Repair Industry Stats and Growth Projections in 2023

` The statistics on the latest automotive trends show the auto repair industry is in a good position going into 2023.

1. Research shows in 2023, there will be an estimated 76 million vehicles aged 16 years or older in the United States.
2. The number of vehicles five years old or less is predicted to increase by almost 25%.
3. It's estimated that by 2023, 18% of American households will use an auto repair service at least once a year.
4. Automobiles aged 12 years or older are anticipated to increase by 15%.
5. The average time new and used automobiles are owned in the past decade increased 60%.

The future is very bright for the automobile repair industry. The key is for its members to position themselves properly. People in traditional and emerging markets drive hundreds of millions of new and used automobiles that must be upgraded, repaired, serviced, and maintained. More importantly, independent auto repair shops perform 75% of the aftermarket automobile repair services for the auto repair industry. Suppose automobile repair shops are diligent and proactive in investing in the latest and most effective tools, equipment, and technology and ensure their service technicians are properly trained. In that case, they will continue to be profitable in 2023 and beyond.

Burglars Break into Illinois Auto Body Shop Searching for Key Fobs

Burglars broke into a Palos Hills, IL, auto body shop on Dec. 30, looking for key fobs and stealing a car that was later recovered, police reports said.

The break-in happened at Caliber Collision, 7727 112th Place, Palos Hills. Police said the burglars left behind extensive damage in an apparent search for keyless entry and starter devices. The business's security video showed a person leaving the auto body shop and then attempting to steal several vehicles.

According to the report, the burglars managed to steal a Nissan, which officers found wrecked nearby. Police believe the burglars circled back Jan. 4, but by then employees at Caliber Collision had hidden all the key fobs. While no cars were stolen, the burglars reportedly walked off with an envelope containing $400 in cash.

A similar burglary also took place the same morning as the Palos Hills incident in Orland Park. Police responded to a security alarm around 6:19 a.m. Dec. 30 at Gerber Collision and Glass, 13433 Southwest Highway, Orland Park. The burglars had broken the glass door and appeared to have rummaged through a desk looking for key fobs, Orland Park police said.

Surveillance video showed a group of people running through the garage's wash bay area. A few entered a BMW and a Hyundai, but no vehicles appeared to have been taken. Orland Park police said the people caught on security cameras appeared to be wearing white gloves.

Early Jan. 5, burglars broke into a North Side car dealership, Chicago police said. Officers responding to an alarm at Leader Auto in the city's River North neighborhood. The burglars shattered a window and left many key fobs on the ground, news reports said. It is not known if any vehicles were taken.

South suburban police departments have reported an increase in car thefts and car part thefts over the past year.

Tesla Files for $716M Expansion at Giga Texas

Tesla's Gigafactory Texas facility is set to expand by 1.4 million square feet, as the automaker has filed for more than $716 million in new projects at the site.

Tesla filed Jan. 9 for four new projects, according to filings with the Texas Department of Licensing and Regulation. The projects are filed separately because they will expand four different facilities. Tesla registered the projects to Cell 1, Drive Unit, Cathode and Cell Test Lab.

According to the Austin Business Review, which initially spotted the filings, the projects will provide Tesla with 1.4 million additional square feet on-site at Gigafactory Texas, and construction could start as soon as the end of the month.

The total cost for the four new facilities is $716.7 million, with the bulk of the expenditure coming from the construction of the Cell 1 facility, which is set to cost $368 million. The Cathode building is $216 million, while the Drive Unit and Cell Test Lab buildings will cost $85 million and $3.7 million respectively.

Tesla filed the projects as "new construction."

Tesla has been planning to build a cell facility at Gigafactory Texas for some time, and filed in February 2022 to build a cathode plant at Gigafactory Texas, filings with Travis County showed.

The cell facility will supplement the automaker's attempts to expand EV manufacturing in the U.S., but will also help Tesla become less dependent on suppliers for its products. Currently, Tesla has numerous battery cell supply deals, most notably with Panasonic in the U.S.

However, the growth of the EV market has placed a shortage of battery cells and battery materials. Tesla, which introduced its new 4680 cell several years ago, is planning to implement these new batteries into various projects, including the Model Y from Gigafactory Texas, which started deliveries to customers last year.

Tesla delayed several projects over the past few years because of battery constraints. However, the construction of cathode and cell manufacturing plants at Giga Texas could relieve the company of these shortages as EV sales expand.

Tesla is also planning to build the Cybertruck in Texas, but the packs are currently being manufactured in Fremont, CA, due to the lack of a cell production plant in Austin.

Evidently, Tesla will also be building drive units for its vehicles in Texas. It has built drive units for the Model 3 at the Tesla Gigafactory in Nevada for several years.

FTC Proposes Rule to Ban Employee Noncompete Clauses

The Federal Trade Commission proposed a new rule that would ban employers from imposing noncompetes on their workers, a practice that the Commission states is widespread and often exploitative that suppresses wages, hampers innovation, and blocks entrepreneurs from starting new businesses. By stopping this practice, the agency estimates that the new proposed rule could increase wages by nearly $300 billion per year and expand career opportunities for about 30 million Americans.

US Weights and Measures Officials Discuss Hydrogen Dispenser Filters

The National Conference on Weights and Measures is discussing requirements for a filter in hydrogen dispensers like those for gasoline and diesel dispensers in the National Institute of Standards and Technology Handbook.

The discussion is taking place at NCWM's interim meeting in Savannah, Ga., this week, according to a detailed agenda. The filter standards are designed to protect the vehicle from particulate contamination.

"The same requirement is necessary for gaseous hydrogen dispensing systems because the particulates can harm the vehicle valves and other components," reports Quong and Associates Inc., a San Francisco-based company specializing in testing, measurement and safety of alternative fuels and electric vehicle charging. Quong is presenting a proposal for hydrogen filters at the meeting.

"In addition, a liquid filter is necessary because water, oil or other contaminates can freeze inside valves or cause damage to the fuel cell stack," the firm reports.

Quong proposes that all gaseous hydrogen dispensers have a 5-micron or smaller nominal pore-sized filter and a filter to protect the vehicle from liquid contamination.

Currently the NIST Handbook requires a 10-micron filter standard for gasoline, gasoline-alcohol blends, gasoline-ether blends, ethanol flex-fuel and M85 methanol dispensers. And biodiesel, biodiesel blends, diesel and kerosene dispensers must have a 30-micron or smaller nominal pore-sized filter.

In a separate discussion, NCWM also is considering accelerating the alignment of standards for hydrogen fuel quality. The hydrogen fueling industry uses two systems - the International Organization for Standardization and SAE International (formerly the Society of Automotive Engineers) - that "are not always aligned," according to the NCWM agenda document.

--Reporting by Donna Harris

British American Tobacco Takes Another Cigarette List Price Hike

British American Tobacco (BAT) is expected to implement a list price hike for several of its cigarette brands in the new year.

Industry contacts told Goldman Sachs that BAT recently announced its fourth list price increase this year. The timing of the move follows the tobacco company's quarterly cadence, according to Bonnie Herzog, managing director at Goldman Sachs, but "the magnitude of the price increases, especially on smaller brands, came in a little higher than expected."

As she reported, BAT is taking a cigarette list price increase of 15 cents per pack on Newport (menthol), Camel and Pall Mall Box, 25 cents per pack on Newport (non-menthol) and 38 cents per pack on Pall Mall Non-Filter and Pall Mall Vintage Gold.

The company took several other price increases across its portfolio of brands but didn't raise the list price of Lucky Strike (box).

Separately, BAT also announced several list price increases on oral tobacco, including 9 cents to 13 cents per tin increases on Camel Snus and Grizzly Snus and three other oral brands, as well as a 10 cents per pouch increase and 40 cents per tin increase on Natural American Spirit RYO.

Winston-Salem-based Reynolds American Inc. is a U.S. subsidiary of BAT.

The increases are effective with orders and deliveries on or after Jan. 2, Herzog added.

BAT last took a price increase, ranging from 13 cents to 25 cents per pack across several brands, at the end of

August. Its latest move follows Altria Group Inc.'s 15 cent per pack increase in mid-October.

"Looking ahead, we continue to expect strong net price realization as the industry continues to successfully implement price increases to offset ongoing volume pressures," Herzog said. "While there is some increased risk of potential downtrading and concerns that manufacturers have less pricing power today — with approximately 62 percent of our retailer/wholesaler contacts in our most recent Nicotine Nuggets survey believing manufacturers have less pricing power today vs. last year — we believe brands like Marlboro with a very loyal customer base and strong/effective promotions should be able to keep those consumers within the franchise."

Skimmer Builder Sentenced to Priso for Role in US Gas Pump Scam

A federal judge in San Diego on Monday sentenced a Los Angeles resident who confessed involvement in a gas pump skimming operation to 41 months in prison and three years of supervised release, according to court records.

Robert Fichidzhyan, 40, admitted in a plea agreement before the U.S. District Court for the Southern District of California that he built skimmers that accomplices installed at dozens of Southern California gas stations. The devices siphoned payment card information from customers buying fuel.

Fichidzhyan admitted the skimming operation stole almost $620,000, the Justice Department said in a news release Monday. After breaking into the gas pumps to install the devices, the theft ring sold the financial information or used it
to make bogus cards to steal funds, the Justice Department said.

Fichidzhyan admitted he made $249,890 from the scam and the court ordered him to forfeit the funds as well as to pay restitution with codefendants. Court records show the defendant will not be fined.

In a related case, Margar Simonyan in June was sentenced to 12 months and one day in prison and required to forfeit $11,810 and pay restitution for involvement in the identity theft scam, the Justice Department said. The next hearing in the case against the remaining seven defendants is scheduled for March 20, according to the announcement.

--Reporting by Donna Harris

Your Inspection License May be Worth Money

Depending on where you are located, it may be possible to sell your license. Before merely turning it in, contact the association for further information.

DMV Record Retrieval

DMV record retrieval is available to association members and affiliates at a cost of $12 per record. Additionally, you may order DMV certified paper abstracts of driver's license, vehicle registration, and vehicle title records for an additional fee of $2 per abstract. Please call 518-452-4367

EXTREMELY IMPORTANT! - LABOR LAW NEWS!

Recently, the members of GASDA were presented with a very informative zoom labor law seminar by the law firm of Meltzer, Lippe, which specialize in representing employers in labor law disputes with their employees. The seminar was ably presented by Larry Martinez, Esq. Your Association felt it was critical to get to you the information needed to protect our members from labor law violations, which can carry some of the heaviest civil penalties afflicting our industry.

Over the past few years the federal and state labor departments have brought an increased focus on the carwash business, which traditionally employed many immigrant people. Many fines were handed out to carwash owners. Some amounted to $200,000+; one was for $500,000! Word is out that these labor departments are now targeting gas stations and automotive repair shops with the same close scrutiny. After all, many immigrant people work in our industry too. Why wouldn't these labor departments think they couldn't have a similar success with the gas, convenience store and repair shops in our industry?

Attorney Martinez concluded his presentation by listing the ***six items*** he most wanted his listeners **to take away from his seminar**. They are as follows:

1. It's much better to pay employees an hourly rate rather than a flat salary.

2. Also be paying overtime.

3. Keep good track of employees' time.

4. Provide pay stubs and wage notices to all employees

5. Keep all employment records for at least 6 years.

6. Call an attorney immediately if you're contacted by a labor department. Don't try and handle it by yourself.

Yes, we know…. Your Association has been warning you about this for years, and not a lot of members have paid attention. However, federal and state labor departments will now be holding a lens to all of your labor violations and they may find even more than you might think you have. ***The fines are astronomical! Be warned!*** Now is the time to tighten up your employment practices and take action to protect yourself from the really heavy penalties which could easily come your way. The short list above will quickly let you know if you are currently in need of compliance. If you are, don't wait until they nail you. Fix it now before it's too late!

Larry Culley
Larry Culley – Counsel for GASDA

Wayne Bomb
Wayne Bombardiere – Executive Director

NYVIP2 MESSAGE No. 281

DATE: 1/5/2023

TO: ALL INSPECTION STATIONS

FROM: NYS DMV

SUBJECT: RETURNING 2023 PRE-PRINTED DMV INSPECTION CERTIFICATES

****PRINT THIS MESSAGE AND DELIVER IT TO THE PERSON WHO MAINTAINS THE INSPECTION CERTIFICATE INVENTORY****

This notice is <u>only</u> for the return of DMV issued 2023 Certificates that you purchased from DMV. Any "Print on Demand" stickers issued by Opus inspection, Inc. must be retained by your station for reconciliation by DMV. Further instructions will follow.

Per Commissioner's Regulation Part 79.10 (c), "every inspection station owner must return to the department all unused inspection certificates from the previous year" and that "refunds or credits will be allowed for such unused or defective certificates of inspection upon receipt..."

As such, if you have any inspection stickers with a 2023 expiration date, regulation requires that you <u>**return them by March 1st, 2023**</u>.

<u>**No credit or refunds for 2023 stickers will be given after December 31, 2023.**</u>

Please return the unused stickers in a secure and durable shipping container (e.g., a cardboard box or reinforced envelope).

Do not place a new sticker order or requisition in the shipping container with your sticker returns. <u>This will delay your new sticker order</u>.

<u>Include a completed **"Inspection Certificate Return Form"** provided with this message</u>. You may use more than one form if necessary. This form also provides the mailing address options for your returns. Completed Inspection Certificate Return Forms must be included with your sticker returns to DMV.

Once the returns are logged into our system, a Credit Letter will be sent to the Facility. Upon receipt of your credit letter, verify the return sticker numbers indicated and the amount. If any discrepancies are found, please contact us immediately.

Questions regarding this procedure can be directed to DMV at 518-474-2398.

Questions regarding sticker credits should be directed to DMV Accounting at 518-474-5913

NEW YORK STATE | Department of Motor Vehicles

VEHICLE SAFETY & CLEAN AIR

6 EMPIRE STATE PLAZA – ALBANY, NY 12228

INSPECTION CERTIFICATE RETURN FORM

Please place this form and any unused stickers in a secure and durable shipping container (e.g., a cardboard box or reinforced envelope) and include the following information with your shipment:

Seven Digit DMV Facility Number: __ __ __ __ __ __ __

Inspection Station Name: ______________________________

Inspection Station Address: ______________________________

____

Name of Contact Person: ______________________________

Contact Phone Number: ______________________________

Reason for Return: ______________________________

STICKER TYPE	YEAR	BEGINNING NUMBER	ENDING NUMBER	TOTAL STICKERS

United States Postal Service
Bureau of Consumer & Facility Services
Accounting Unit
PO Box 2700
Albany, NY 12220-0700

All Other Carriers
Vehicle Safety, Accounting Unit
6 Empire State Plaza, Room 220
Albany, NY 12228

Important: *If you are returning stickers for multiple facilities, please use a separate form and place the stickers in separate shipping containers.* ***Do not place a new sticker order or requisition in the shipping container with your sticker returns.*** *This will delay your new sticker order. Once the returns are logged into our system, a Credit Letter will be sent to the Facility. Upon receipt of your credit letter, verify the return sticker numbers indicated and the amount. If any discrepancies are found, please contact us immediately*.

SSDA

SERVICE STATION DEALERS OF AMERICA AND ALLIED TRADES

2022 Wrap Up

The last few years have tested our nation as well as our association and its members. However, we are proud of SSDA's role in advancing policies that promote the growth of small and privately owned businesses and in successfully fighting back against a number of damaging proposals, particularly in the tax area.

In 2022,

●SSDA-AT played a significant role, individually and as a member of a number of coalitions, to ensure that small businesses and trade associations got the resources and support that they needed through the COVID-19 pandemic, including promoting and strengthening the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) program.

●SSDA-AT fought to keep the estate and gift tax exemption at its current level rather than the significantly reduced level proposed this year which would have cost successful small business and privately owned business owners and their key employees millions of dollars in taxes. Reducing the estate tax exemption would cause the owners of many privately held and small businesses to be unable to pass the business on to another generation and/or would cause a significant monetary drain to pay for estate planning lawyers, accountants and the purchase of insurance to mitigate the impact of this reduction. SSDA will be fighting in 2023 to make the current estate tax exemption permanent so that it doesn't automatically get cut in half as of January 1, 2026.

● SSDA-AT led the charge to fight the proposed elimination of the step-up in basis for assets going through an estate. This single proposal would have resulted in major new income taxes for the heirs of the owners of small and privately owned businesses. SSDA educated other groups that did not understand the nuances of estate tax law and got them involved in the fight. We were able to help a number of key Congressional members understand that the impact of this bill would fall on millions of Americans – many of them middle or upper middle income taxpayers and certainly not only the very rich.

●SSDA-AT took part in a coalition which successfully opposed a proposal in the Senate to reduce the important 199A deduction. Under this proposal, if the owner's income exceeded a certain amount, the deduction would be reduced or eliminated in its entirety. This deduction was designed to provide some semblance of parity between the tax rates for C corporations and those for pass through entities, (Sub-S, LLCs, partnerships and sole proprietorships). Our position was that the income of the owners should be irrelevant as to whether the deduction is available.

● SSDA-AT continued (and continues) to work hard to ensure that the 199A deduction for pass through entities is made permanent or extended. This deduction is currently set to expire on December 31, 2025. We are educating members of Congress as well as other associations about ways to improve the existing 199A deduction so that it is easier for pass-through entities to use and to extend its reach so that it is irrelevant what type of business the pass-through is doing. We will continue to work on this priority next year.

●SSDA-AT called attention to the last minute proposal advanced to tax all income in a pass-through entity not subject to payroll taxes, with a new 3.8% Net Investment Income Tax (NIIT). Bringing together a strong coalition, SSDA-AT played an important role in this new tax being excluded from the Inflation Reduction Act of 2022.

●SSDA-AT educated the Department of Labor (DOL) on how its proposed rules, most recently the various iterations of the overtime rules and independent contractor rules, would impact small and privately-owned businesses, and successfully opposed proposals that would have been unduly burdensome or unwieldy for small businesses.

●SSDA-AT educated other partners and members of Congress about the negative impact the various Social Security proposals would have on small and privately-owned businesses. These proposals would dramatically increase payroll taxes paid by the owners of small and privately owned employers because not only would the owners have to pay payroll taxes on their own income above a certain threshold (say $400,000), but the company would also have to match the extra payroll taxes for all employees over the income threshold. SSDA will continue to monitor the fixes to shore up the Social Security system to make sure small and privately owned businesses are treated fairly.

SSDA-AT continues to take an active role in making the laws and regulations better for our members and their members by submitting comments to the appropriate agencies, meeting with members of Congress and their staff, and taking an active part in group advocacy efforts, such as roundtables sponsored by the U.S. Small Business Administration.

There are serious issues before us. Our country's need for revenue to combat our massive US deficits (particularly after the pandemic) are bringing unexpected and unwelcome proposals. We will be ready to deal with them.

No death tax hikes in 117th Congress

Thank you for your support during another year of fighting back against a barrage of harmful tax hikes on family businesses.

SSDA's main focus was pushing back on language advanced by the House Ways and Means Committee, which would have cut the current unified estate, gift, and GST exemptions in half and wreaked havoc on family estate plans, making it harder to pass family businesses on to the next generation of ownership.

Many of our letters made a splash on the hill and in the media. In addition, we met with several critical offices (mostly moderate Democrats) with requests that they share their constituents' concerns with Democratic leadership. The small business and agriculture communities deserve a lot of credit for locking arms and digging in against these tax hikes. Chairman Neal decided against including the estate tax provisions in the House's BBB bill, telling Bloomberg that "enough members had raised concerns.." about the proposals.

In addition to the harmful House language, new ideas to tax family businesses seemed to come from all angles this Congress. Chairman Wyden, Sen. Elizabeth Warren, House Democrats, and the Biden administration all proposed changes that would have taxed unrealized gains both annually and at death. They threw everything at the wall, but as it stands now, the 2017 tax relief for family businesses remains fully intact.

118th Congress outlook

Over the next two years under a divided government, we expect some unpleasantness involving regulatory changes for family businesses. SSDA will stay highly vigilant regarding proposed changes to valuation discounts or GRATS.

We have promised our continued support to Sen. Minority Whip Thune and Congressman Jason Smith on their bicameral legislation to eliminate the death tax (155 House and 37 Senate cosponsors currently) to solidify as much support as possible before Congress takes up tax reform again. SSDA will continue to make the case for tax permanence and full repeal of the unfair and economically destructive death tax while standing guard against new regulatory overreach. We are now one year closer to the expiration of most small business tax relief in 2025, and the work to achieve the best results in the next tax reform package must continue.

Treasury, IRS Issue Interim Guidance on New Corporate Alternative Minimum Tax

The Treasury Department and the Internal Revenue Service issued Notice 2023-7, which provides interim guidance regarding the application of the new corporate alternative minimum tax (CAMT) until the issuance of proposed regulations.

The Inflation Reduction Act created the CAMT, which imposes a 15% minimum tax on the adjusted financial statement income of large corporations for taxable years beginning after December 31, 2022. The CAMT generally applies to large corporations with average annual financial statement income exceeding $1 billion. The Treasury Department and the IRS have issued Notice 2023-7 to provide certainty to taxpayers in advance of the CAMT effective date.

In particular, Notice 2023-7 clarifies which corporations the CAMT applies to and how the alternative minimum tax is calculated. It also provides taxpayers with answers to basic questions about how certain transactions may be treated and certain adjustments that may be taken into account for purposes of the alternative minimum tax, including adjustments for depreciation and certain tax credits. Critically, it also gives smaller corporations an easy method for determining that the new alternative minimum tax does not apply to them.

Notice 2023-7 also solicits comments on the rules contained in the notice and certain other issues under consideration. The Treasury Department and the IRS recommend that such comments be submitted within 60 days after the date on which Notice 2023-7 is published in the Internal Revenue Bulletin.